

MARICOPA COUNTY

BUDGET

FY 2019





Executive Summary



Denny Barney
District 1



Bill Gates
District 3



Steve Chucuri
District 2
Chairman



Clint Hickman
District 4



Steve Gallardo
District 5

Board of Supervisors



Budget Guidelines and Priorities

Adopted by the Board of Supervisors on January 10, 2018

- Develop a sustainable budget that advances the County's mission and strategic goals
- Leave the property tax rate unchanged
- Direct Human Resources develop a targeted employee compensation strategy
- Require all departments to allocate resources to fulfill their mandates and submit budgets within their baseline with no requests for new or expanded programs in the General and Detention funds
- Require selected departments to complete a zero-based budget
- Review new capital or technology requests after reserve decisions are made
- Evaluate all increases for their impact on the County's Expenditure Limitation



Assumptions

- Structural balance in operating funds
 - Recurring revenues meet or exceed recurring expenditures over the economic cycle
- *Most Likely* scenario for major revenue streams
- Contingency based on historical utilization and revenue risks
- General and Detention Fund reserve levels based on two-months of prior year operating budget



Zero-Based Budget

- Nine Departments submitted a Zero-Based Budget:
 - Budget Office
 - Constables
 - Correctional Health General Fund
 - County Manager
 - Finance
 - Juvenile Probation General Fund
 - Public Fiduciary
 - Sheriff's Office Detention Fund
 - Waste Resources and Recycling



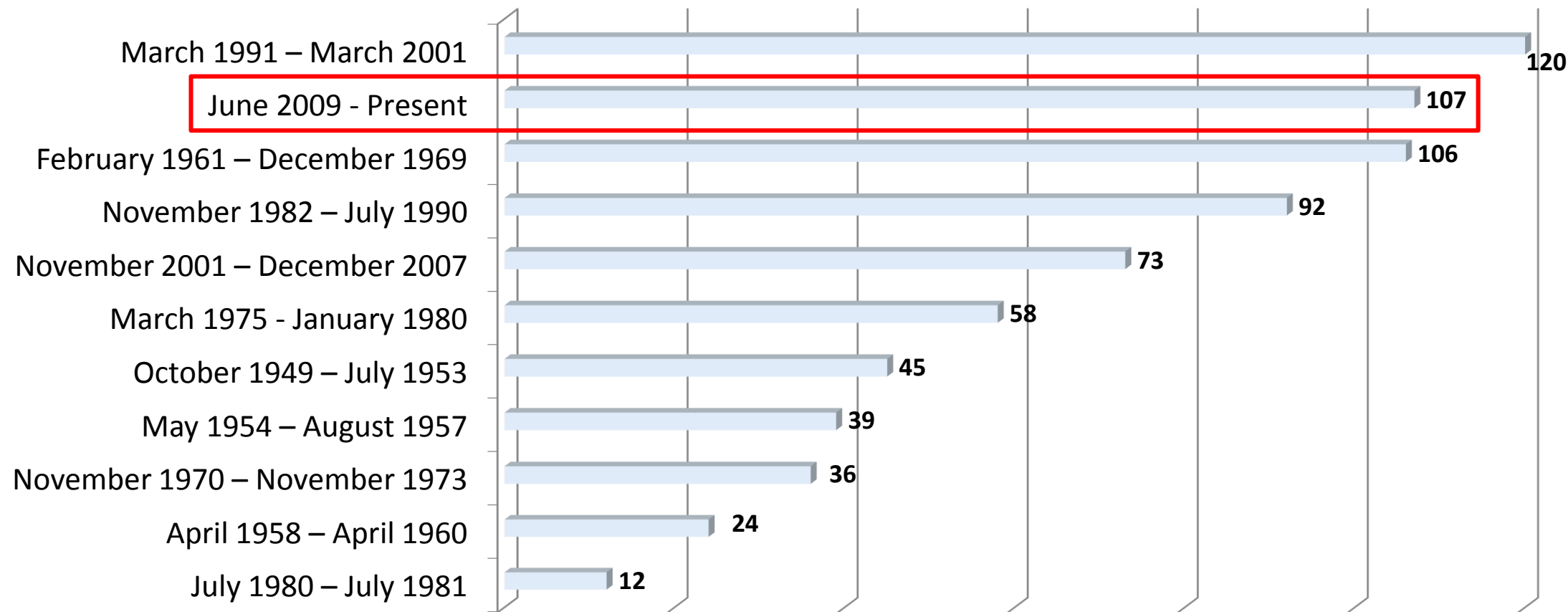
Major Budget Challenges

- Increased service demands that accompany an increase in population
- An aging economic cycle
- Sluggish revenue growth when compared to prior recovery cycles
- Limited Growth in Property Tax Assessment
- State Mandated Payments
- Detention Fund increasing dependency on the General Fund
- Funding requests for criminal justice operating and CIP needs
- Structural balance in special revenue funds
- Pension rates and unfunded liabilities



U.S. Business Cycle Expansions

Source: National Bureau of Economic Research*



MARICOPA COUNTY

BUDGET FY 2019



2017 Population Growth Rank By County

Source: U.S. Census Bureau*

Rank	County	Population	Net Chg.	Percent Chg.
1	Maricopa, AZ	4,307,033	73,650	1.7%
2	Clark, NV	2,204,079	47,355	2.2%
3	Riverside, CA	2,423,266	36,744	1.5%
4	Harris, TX	4,652,980	35,939	0.8%
5	Tarrant, TX	2,054,475	32,729	1.6%
6	King, WA	2,188,649	32,687	1.5%
7	Bexar, TX	1,958,578	30,831	1.6%
8	Dallas, TX	2,618,148	30,686	1.2%
9	Denton, TX	836,210	27,911	3.5%
10	Collin, TX	969,603	27,150	2.9%

*Information from Elliott D. Pollack and Company

MARICOPA COUNTY

BUDGET FY 2019



Maricopa County Population Growth

Source: U.S. Census Bureau*

Year	Estimate	Percent Chg.	Net Change	Rank
2017	4,307,033	1.7%	73,650	1
2016	4,233,383	1.9%	79,307	1
2015	4,154,076	1.9%	77,368	2
2014	4,076,708	1.8%	70,401	2
2013	4,006,307	1.7%	66,531	2
2012	3,939,776	1.8%	70,150	3
2011	3,869,626	1.2%	44,982	4

*Information from Elliott D. Pollack and Company

MARICOPA COUNTY

BUDGET FY 2019



Phoenix-Mesa-Scottsdale Employment Growth

(Ranking among all metro areas greater than 1,000,000)

Source: Arizona State University, U.S. Bureau of Labor Statistics **

Year	Rank	# MSA's
1992	4	19
1993	2	19
1994	1	19
1995	1	20
1996	1	21
1997	2	22
1998	1	23
1999	3	24
2000	7	25

*YTD February 2018 vs YTD February 2017

Year	Rank	# MSA's
2001	7	26
2002	5	25
2003	3	25
2004	3	25
2005	1	26
2006	1	27
2007	10	29
2008	25	29
2009	23	24

**Information from Elliott D. Pollack and Company

Year	Rank	# MSA's
2010	23	23
2011	14	25
2012	10	28
2013	7	29
2014	15	31
2015	10	32
2016	7	34
2017	5	34
2018*	6	34

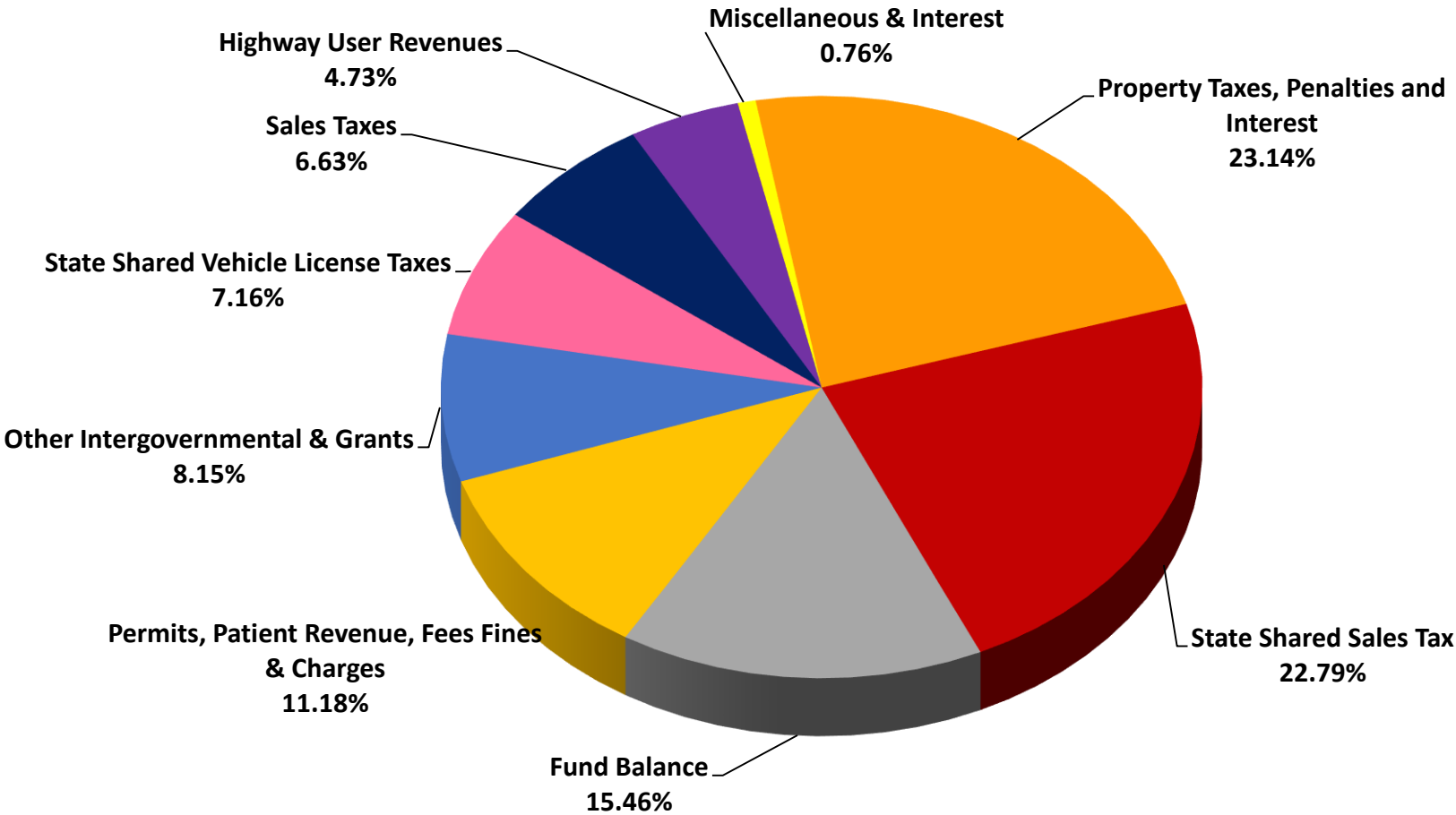
MARICOPA COUNTY

BUDGET FY 2019



FY 2019 Recommended Budget

Sources of Funds: \$2,457,317,735

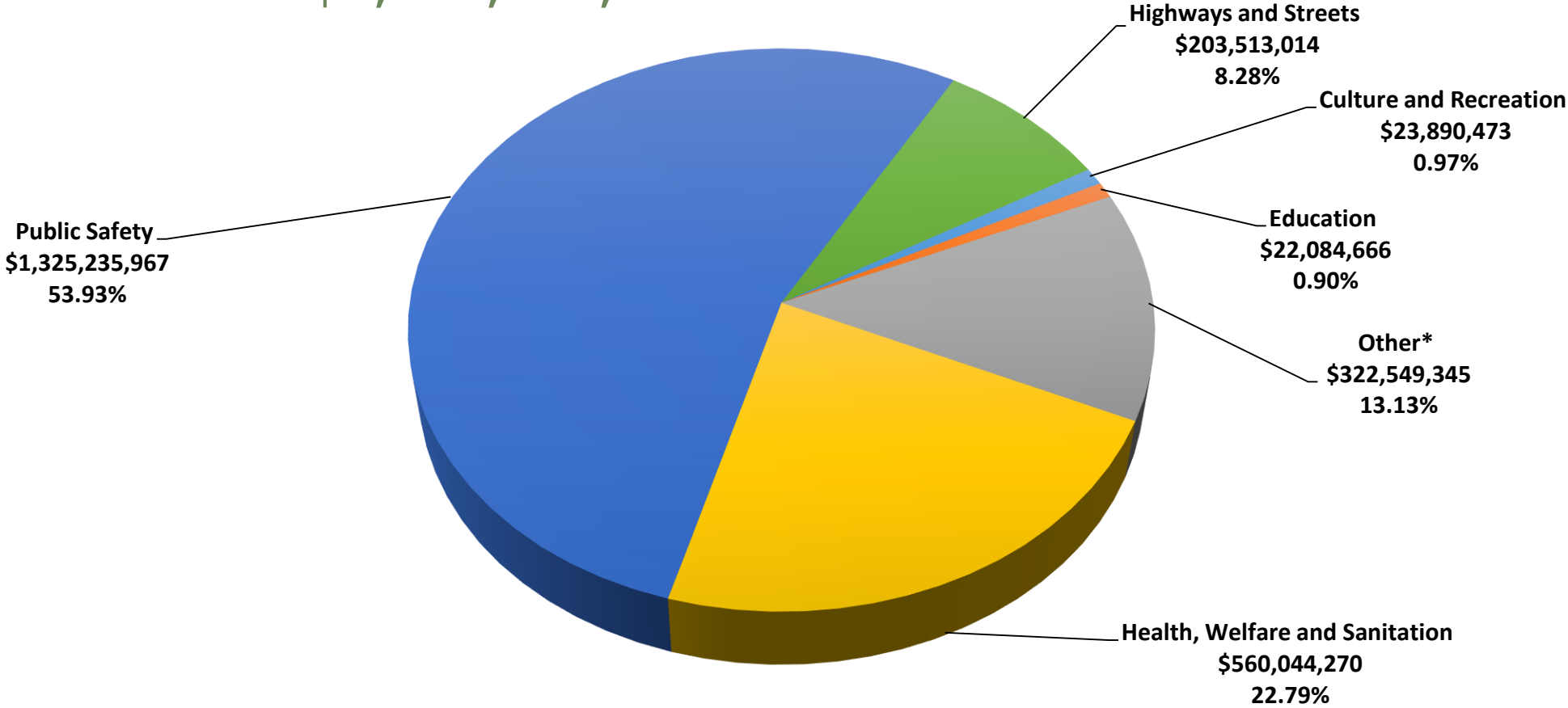


MARICOPA COUNTY

BUDGET FY 2019



FY 2019 Recommended Budget
Uses of Funds: \$2,457,317,735



**Other = Assessor, Recorder, Elections, Treasurer, Internal Audit, County Manager, Assistant and Deputy County Managers, Clerk of the Board, Board of Supervisors, Finance, Budget, Procurement, Human Resources, Risk Management, Real Estate, Equipment Services, Facilities Management, Enterprise Technology, Non Departmental*

MARICOPA COUNTY

BUDGET FY 2019



FY 2019 Net Variance to the FY 2018 Revised Budget (Millions)

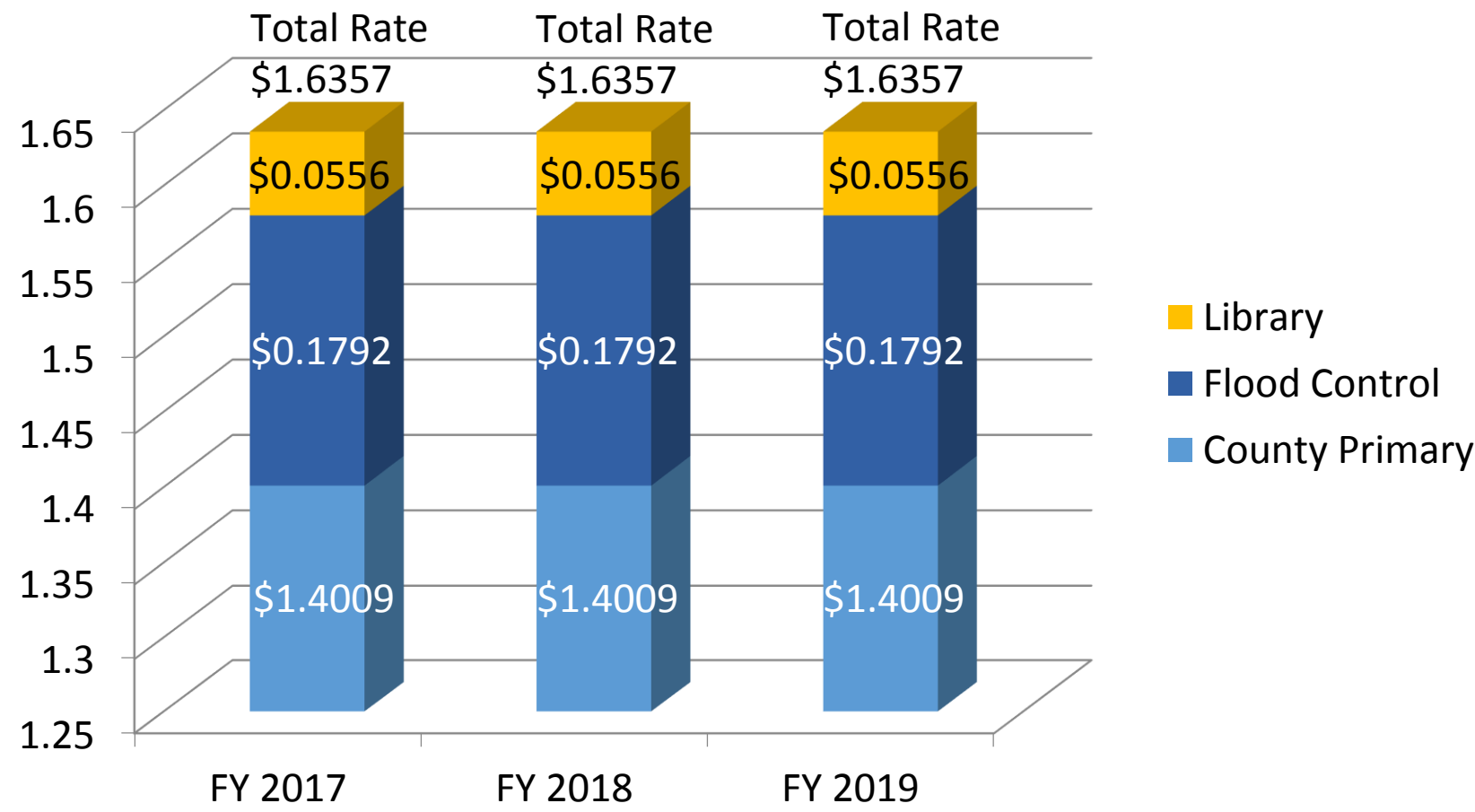
	FY 2018 Revised	FY 2019 Recomm	Increase/ (Decrease)	% Change
Total Operating	1,911.3	1,967.0	55.7	2.9%
Total Non Recurring	589.0	490.3	(98.7)	-16.8%
Total County	2,500.3	2,457.3	(43.0)	-1.7%
GF Operating	1,309.0	1,373.3	64.3	4.9%
GF Non Recurring	151.1	206.7	55.6	36.8%
Total General Fund	1,460.1	1,580.0	119.9	8.2%

MARICOPA COUNTY

BUDGET FY 2019



No Change to Combined Tax Rate

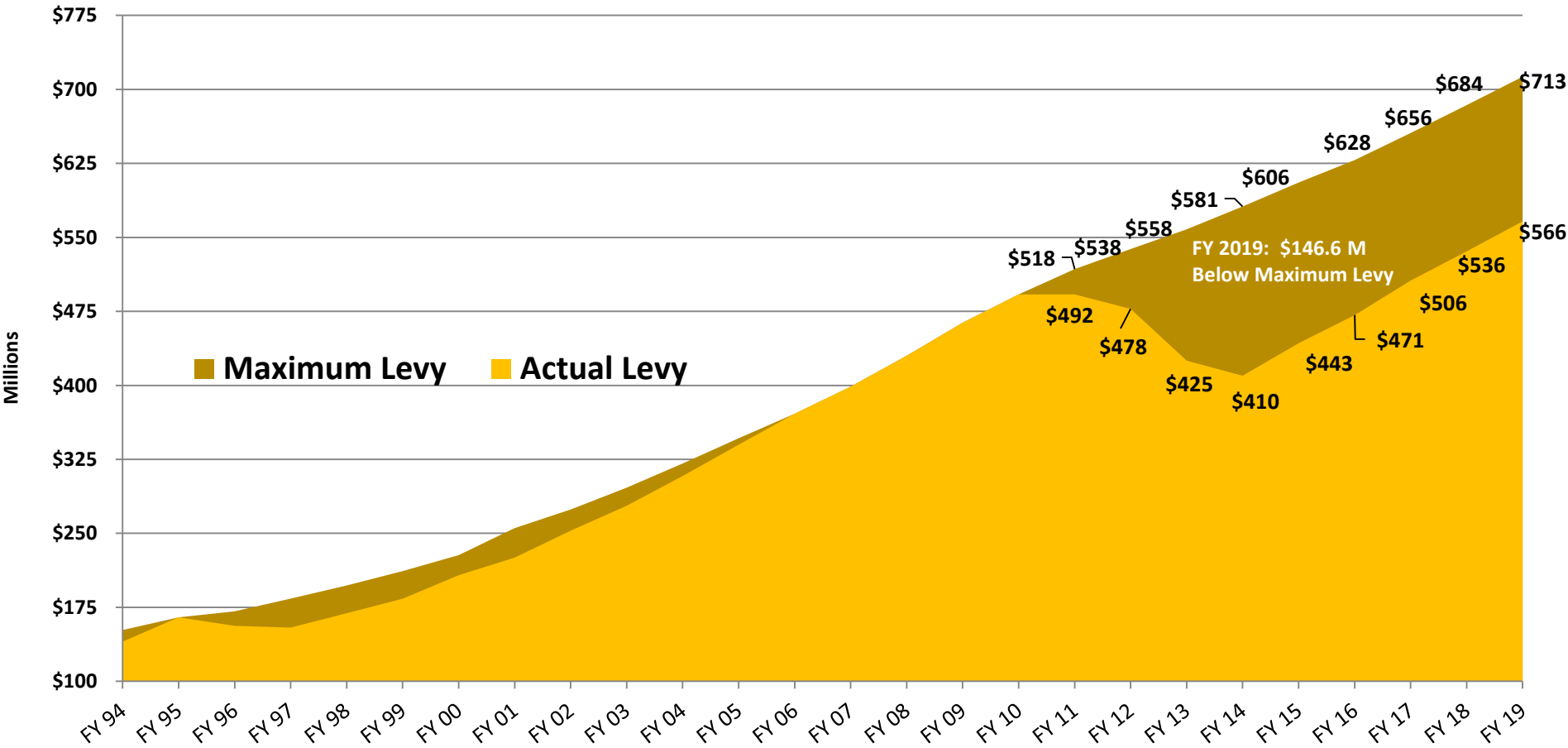


MARICOPA COUNTY

BUDGET FY 2019



Maximum Levy vs. Actual Levy - General Fund



MARICOPA COUNTY

BUDGET FY 2019



In FY 2018, County Primary Property Taxes were only 11.16% of Total Property Taxes

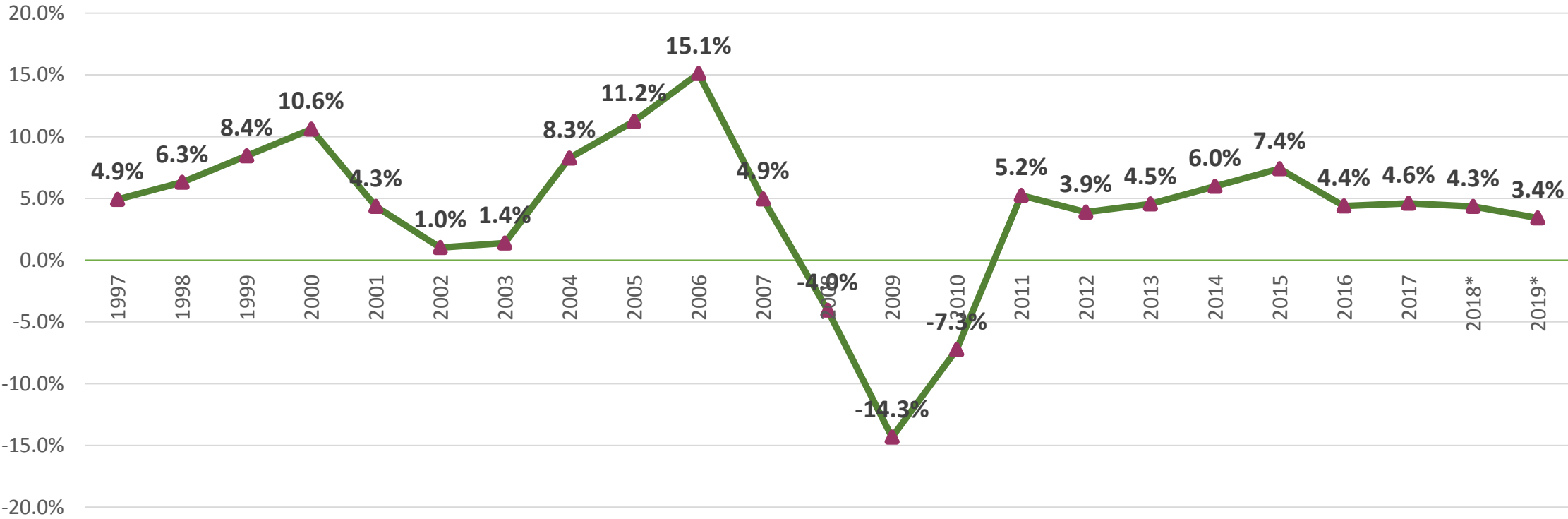


MARICOPA COUNTY

BUDGET FY 2019



State Shared Sales Tax

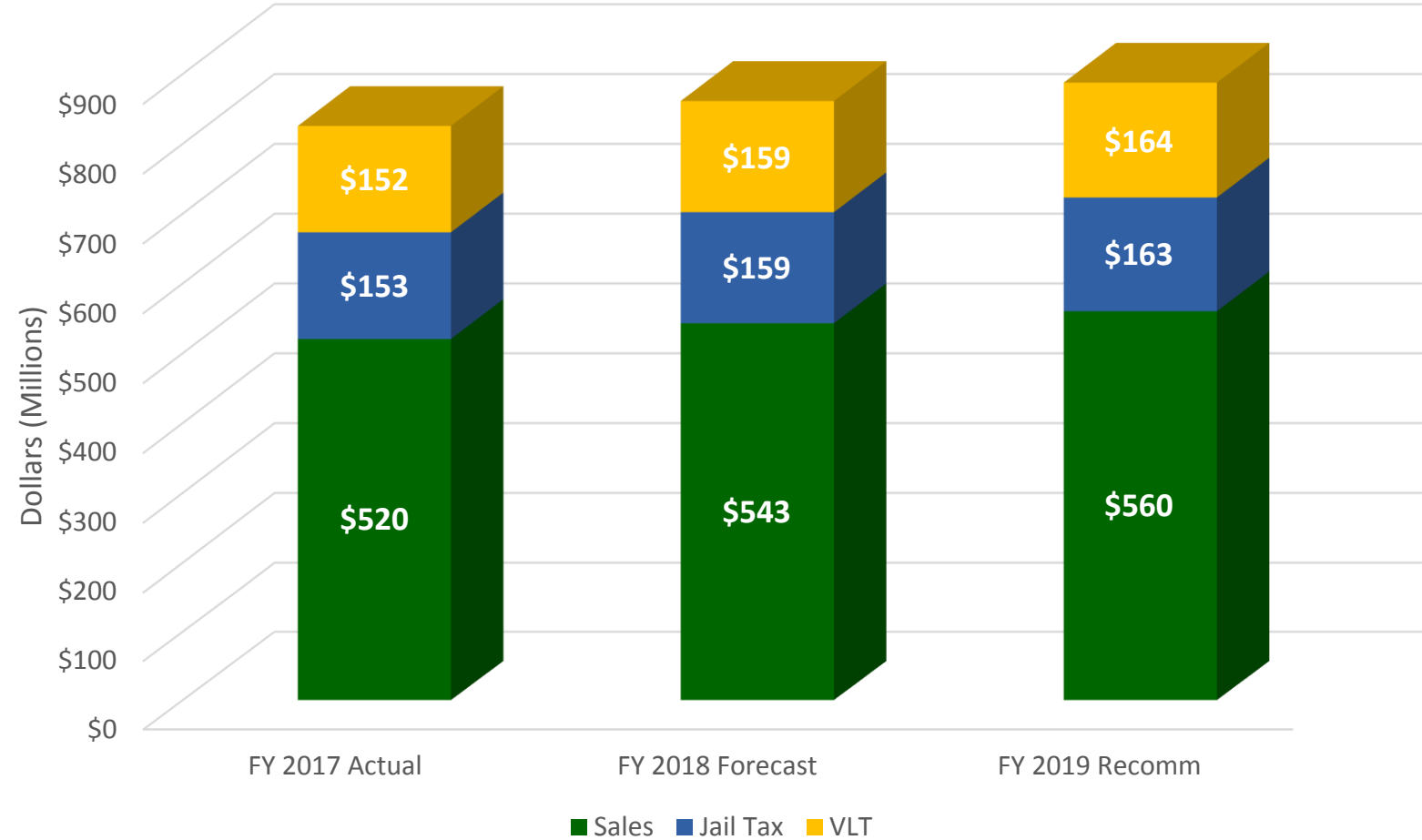


MARICOPA COUNTY

BUDGET FY 2019



Major Operating Revenues

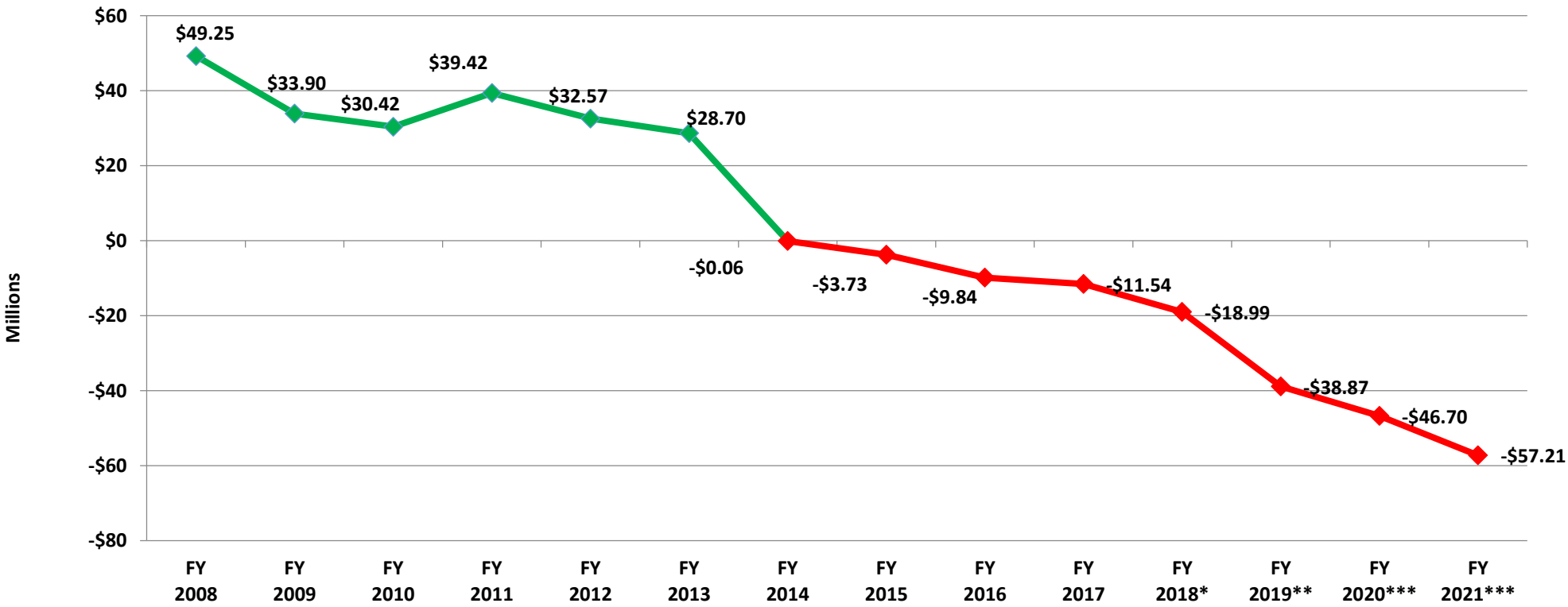


MARICOPA COUNTY

BUDGET FY 2019



Detention Fund Structural Balance without General Fund Subsidy





Mandated State Payments

- 18.4% of the General Fund operating budget supports \$252.2M in mandated payments to the State for healthcare services including:
 - \$18.5M for Arizona Health Care Cost Containment System (AHCCCS) contribution
 - \$170.5M for Arizona Long Term Care System (ALTCS)
 - \$63.2M for Arnold v. Sarn and mental health services
- Additional State shifts of over \$21.8M equate to 1.6% of the General Fund operating budget:
 - Juvenile Corrections payment (will be offset with a one-time reimbursement of \$6.7M from the State)
 - Department of Revenue payment
 - Judges salaries
 - Other shifts

for a combined total of over 20% of General Fund operations



County-wide Budget Impacts

- Net Departmental Retirement Increase \$18,629,436
- Elected Official Retirement Plan Increase \$10,432,862
- Health and Dental Benefit Costs \$ 6,397,033
- Telecommunications and Radio Charges \$ 2,926,740
- Net Risk Management Charges \$ 378,692



Sheriff's Office

- The Detention Fund operating budget is recommended at \$228.8M and includes:
 - Overtime and related costs of \$1.1M
 - Net change to personnel, supplies and services of -\$6.4M
- One-time funding is recommended for:
 - Bread Wrapper in the amount of \$146,219
 - Scissor Lift in the amount of \$12,000
 - Final payment of JMS Maintenance Cost \$1,251,564





Sheriff's Office

- The General Fund operating budget is recommended at \$106.4M and includes:
 - Human Resources Positions of \$139K
 - Quartermaster System Annual Fee of \$2K
 - Recruitment Advertising of \$168K
 - Dispatcher Market Adjustment of \$250K
 - Overtime and related costs of \$823K
 - Net changes to personnel, supplies, services and capital of -\$2.3M
- One-time funding is recommended for:
 - Lake Patrol and SWAT Specialty Vehicles of \$250,000
 - Mobile Data Computers in the amount of \$2,800,000





Melendres Judgment Order

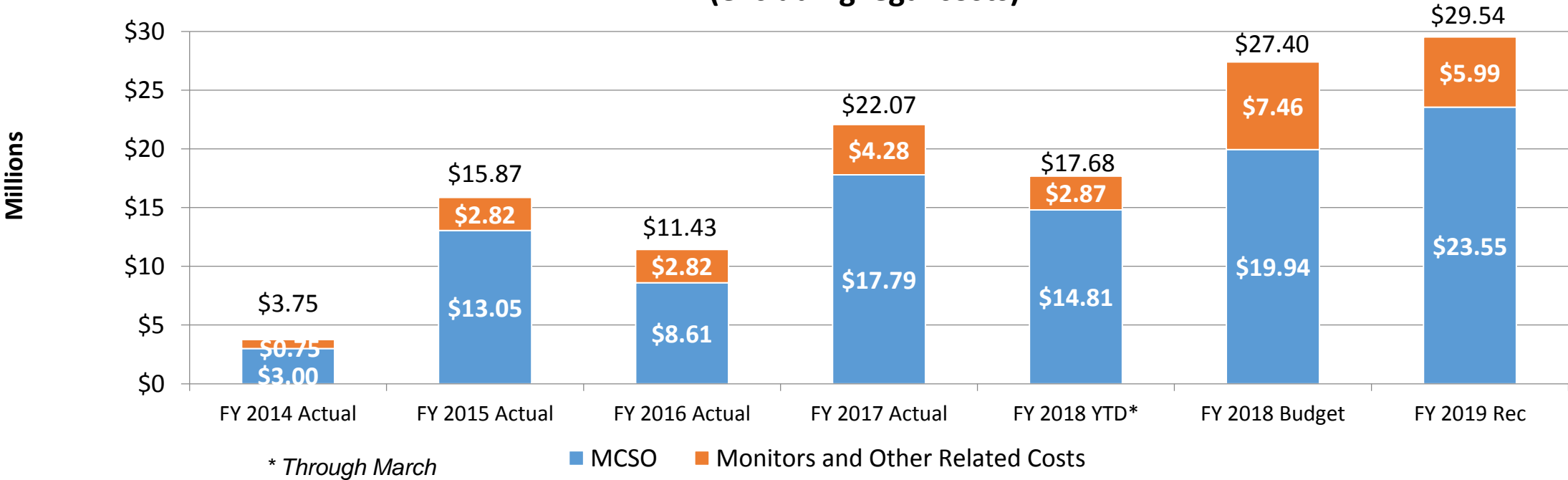
- The MCSO General Fund Compliance operating budget is recommended at \$23.5M and includes:
 - Body Cameras of \$213K
 - Bureau of Internal Oversight Positions of \$157K
 - Legal Liaison Positions of \$204K
 - Professional Standards Bureau Positions of \$1.6M
 - Statistical Software License of \$11K
 - Traffic Stop Analysis Reporting Positions of \$1.0M
 - Overtime and related costs of \$535K
 - Net changes to personnel, supplies, services and capital of -\$627K
- One-time funding is recommended for:
 - Vehicles of \$401,000





Melendres Judgment Order

Estimated Total for Compliance
\$110M
(excluding legal costs)





Adult Probation

- The General Fund operating budget is recommended at \$59.97M
- General Fund Operating Contingency Reserve of \$812K is recommended for additional staff pending the outcome of the consultant study
- General Fund Non Recurring Contingency Reserve of \$27K is recommended for an additional vehicle pending the outcome of the consultant study





Adult Probation

- The Detention Fund operating budget is recommended at \$37.6M
- Detention Fund Operating Contingency Reserve of \$745K is recommended for additional staff pending the outcome of the consultant review
- Detention Fund Non Recurring Contingency Reserve of \$216K is recommended for additional vehicles pending the outcome of the consultant study





Juvenile Probation

- The General Fund operating budget is recommended at \$19.3M
- The Detention Fund operating budget is recommended at \$36.2M
 - Request submitted \$1.12M under baseline





Superior Court

- The General Fund operating budget is recommended at \$90.9M and includes increases for:
 - Mental Health market adjustments of \$24K
 - Increase in funding for the continued development of Superior Court Case Management System (ICISng) of \$1.57M





Clerk of Superior Court

- The General Fund operating budget is recommended at \$35.6M
- One-time funding is recommended for:
 - Restitution, Fines and Reimbursements (RFR) project at \$288,000





County Attorney

- The General Fund operating budget is recommended at \$92.2M and includes:
 - Discretionary Telecom increase of \$462K
 - Assault Evidence Kits increase of \$327K
 - Other Supplies and Services increase of \$3.5K
 - Social Worker Market increase of \$73K
 - Tech Services and Supplies increase of \$1.1M





Public Defense System

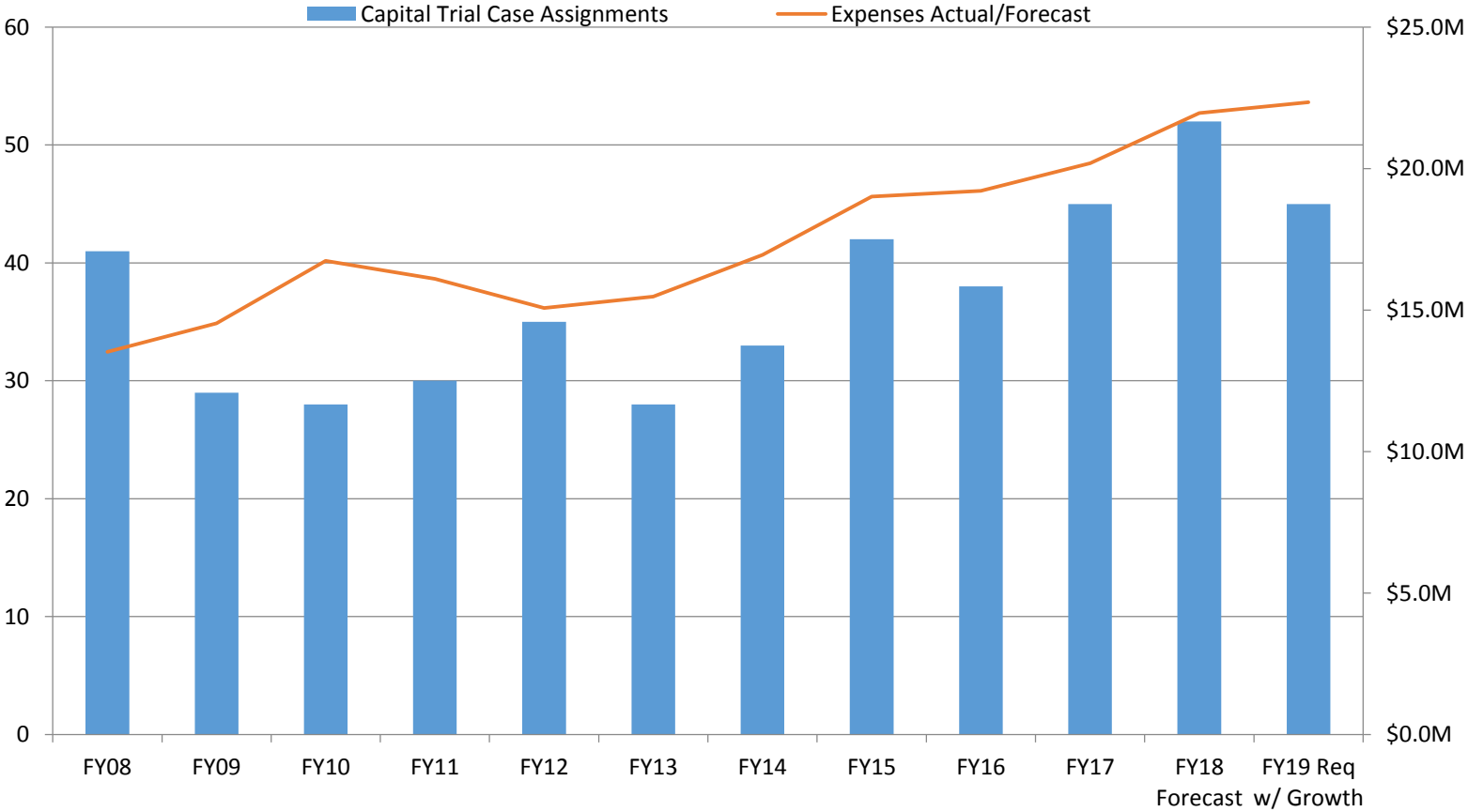
- The General Fund Operating Budget is recommended at \$131.5M and includes:
 - Social Worker Market increase of \$57K
- The General Fund Non Recurring PCR Budget includes:
 - Capital Post Conviction Relief Backlog of \$2,521,921
- The General Fund Operating Contingency of \$1.0M for anticipated caseload growth





Public Defense System

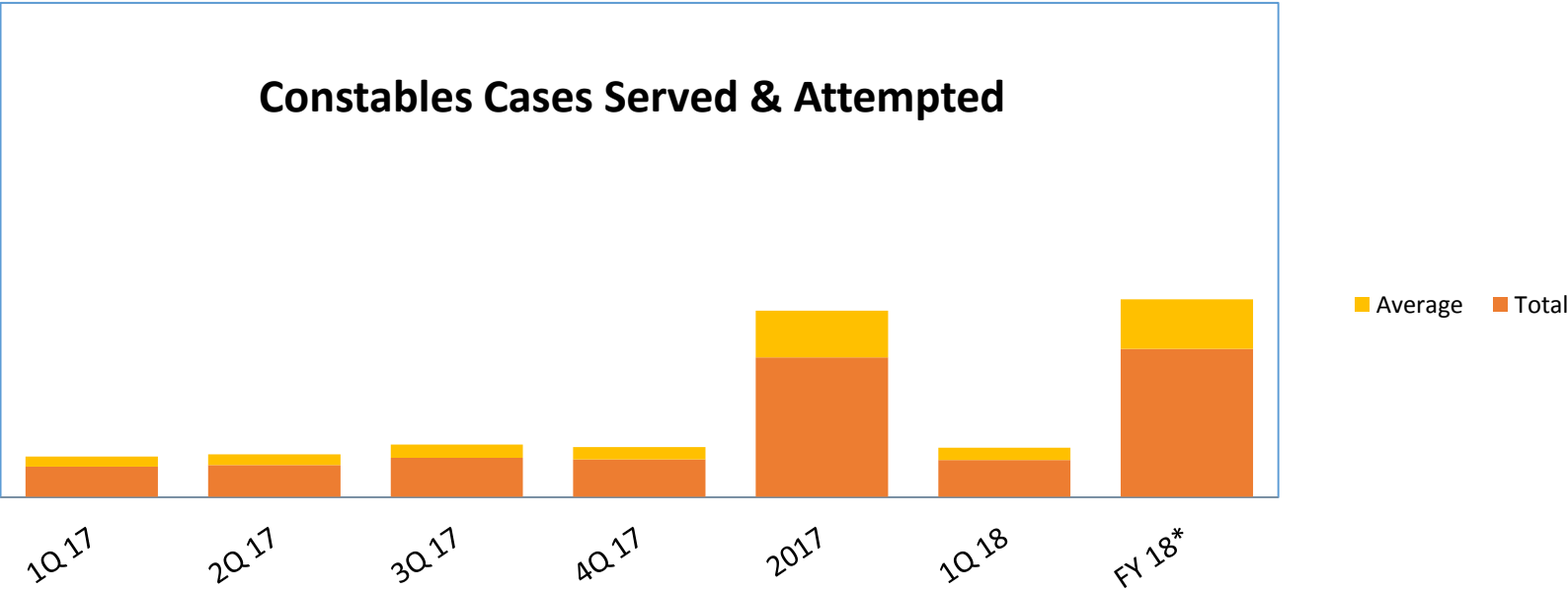
Maricopa County Public Defense Services
Capital Trial Demand History





Constables

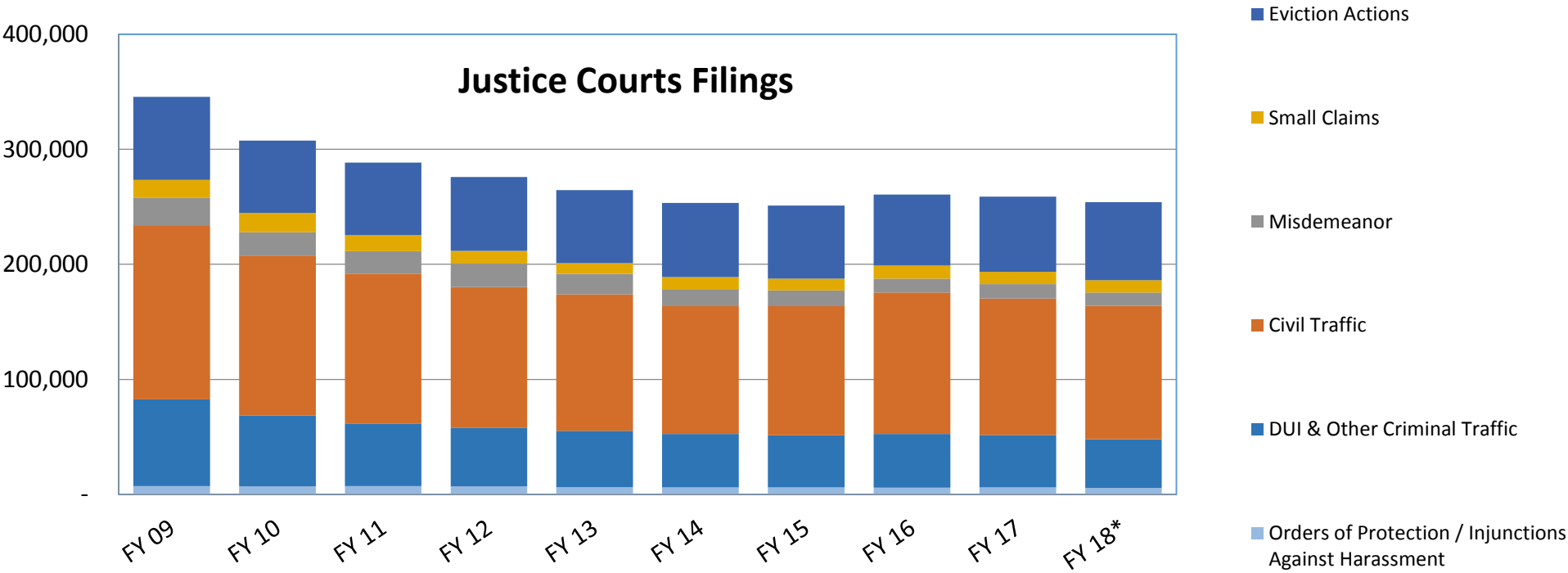
- The General Fund operating budget is recommended at \$3.4M





Justice Courts

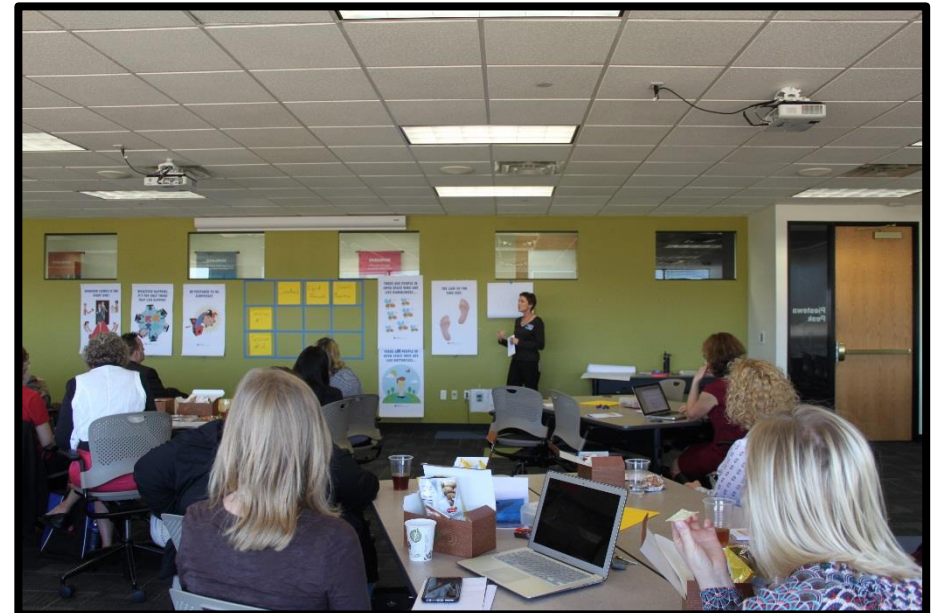
- The General Fund operating budget is recommended at \$18.7M





County School Superintendent

- The General Fund operating budget is recommended at \$2.8M
- One-time funding is recommended for:
 - School Districts Financial System Maintenance payment of \$1,770,548





Assessor

- The General Fund operating budget is recommended at \$25.0M and includes:
 - Reduction of 2 FTE to fund the \$120,000 cost of Title Plant RFP
- One-time funding is recommended for:
 - Legal Class Verification (LCV) Program at \$191,000
- The Computer Aided Mass Appraisal project funding for next fiscal year is budgeted at \$4,442,000





Recorder

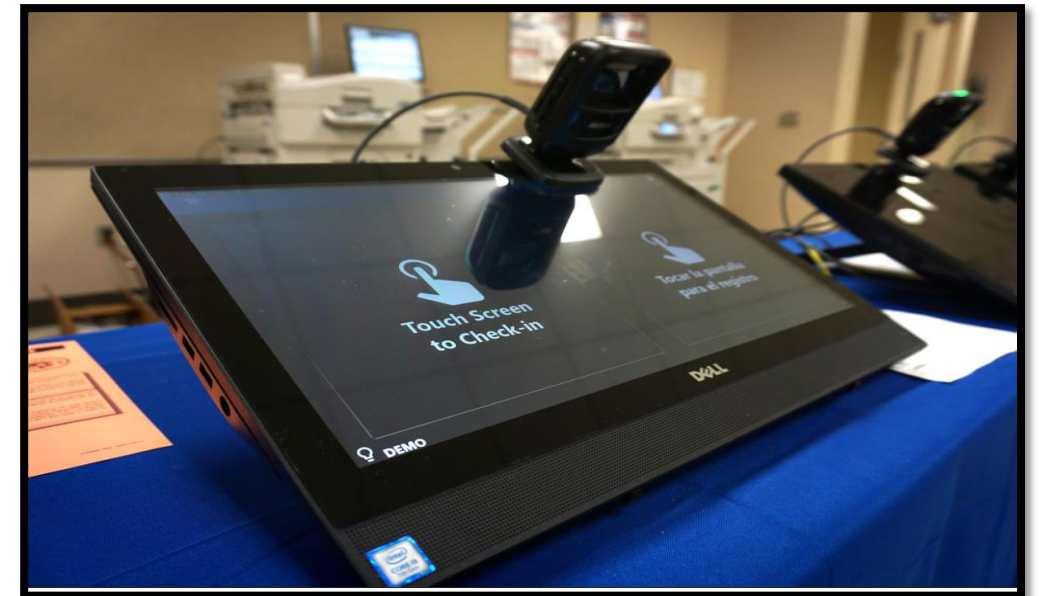
- The General Fund operating budget is recommended at \$5.2M includes increase for:
 - Administrative Staff Supervisor at \$66.7K
- One-time funding is recommended for:
 - Temp Personnel for Pilot Data Entry program of \$89,563





Elections

- The General Fund operating budget is recommended at \$6.6M
- Primary and General Elections Fund Recommended at \$13,400,000





Treasurer

- The General Fund operating budget is recommended at \$5.4M
- The Treasurer Printing & Postage operating budget is recommended at \$559K, a reduction of \$340K
- Funding of \$290K reserved in Contingency for IT positions and training
- The Treasurer's Information System Upgrade Project for next fiscal year is budgeted at \$8,741,376





Medical Examiner

- The General Fund operating budget is recommended at \$11.5M and includes increases for:
 - Mental Health market adjustments of \$3K
- The Medical Examiner Retention operating budget is recommended at \$325K
- One-time funding is recommended for:
 - Lab Information Management System of \$200,000
 - Case Management System of \$386,831
 - Case Records System of \$64,776



Human Services

- The General Fund operating budget is recommended at \$2.3M
- Funding of \$521K reserved in General Fund Non Recurring Contingency to cover grant fund indirect administrative costs, if necessary
- Funding of \$1.2M reserved in General Fund Operating Contingency for Para Transit
- One-time funding is recommended for:
 - Carryforward of the Homeless Coordination of \$195,608



Public Health

- The General Fund operating budget is recommended at \$12.7M and includes increases for:
 - Mental Health market adjustments of \$6.4K
- Funding of \$547K reserved in General Fund Non Recurring Contingency to cover grant fund indirect administrative costs, if necessary
- One-time funding is recommended for:
 - X-Ray Machine of \$237,775



Animal Care & Control

- The Shelter Fund (572) operating budget is recommended at \$12.8M and includes increases for:
 - Personnel Additional and Related Costs of \$885.6K
 - Reduced Personnel Savings of -\$425.9K
 - Other Personnel costs of \$500.1K
 - Other Supplies & Services of \$157.2K
- One-time funding is recommended for:
 - Vehicles Replacements of \$58,000
 - Capital Equipment of \$20,000



Air Quality

- The Fees Fund (504) operating budget is recommended at \$12.1M and includes increases for:
 - Personnel Additional and Related Costs of \$556.6K
 - Reduced Personnel Savings of \$1.03M
 - Reduced Supplies & Services of \$881.6K
- One-time funding is recommended for:
 - Software upgrades of \$1,100,000
 - Landfill Settlement Projects of \$766,384
 - Programs & Services of \$2,055,000
 - Rent Expense of \$410,077
 - Capital & Vehicles \$423,000



Environmental Services

- The Environmental Health Fund (506) operating budget is recommended at \$20.4M and includes increases for:
 - Employee Market Compensation Adjustments of \$782.3K
- One-time funding is recommended for:
 - IT of \$702,442
 - Rent Expense of \$418,168



Planning and Development

- The Fee Fund (226) operating budget is recommended at \$9.7M and includes increases for:
 - Personnel Additional and Related Costs of \$824.8K
 - Reduced Supplies & Services of \$456.6K
 - Net Change to Other Personnel of \$112.4K
- One-time funding is recommended for:
 - Backlog Reduction of \$600,000
 - Rent Expense of \$314,808
 - Vehicle Replacements of \$90,000
 - IT of \$87,000



Parks and Recreation

- The Lake Pleasant Fund (240) operating budget is recommended at \$3.3M and includes increases for:
 - Personnel Additional and Related Costs of \$262.4K
- One-time funding is recommended for:
 - Entry Station gates of \$200,000
 - Lift Station Replacement/Improvements of \$58,000
 - Ramada Renovations of \$300,000
 - Visitor Center Upgrades of \$100,000
 - Project Contingency of \$50,000



Parks and Recreation

- The Park Enhancement Fund (241) operating budget is recommended at \$5.9M and includes increases for:
 - Personnel Additional and Related Costs of \$353.9K
 - Net Change to Other Personnel of \$112.4K
 - Reduced Personnel Savings of \$81.5K
- One-time funding is recommended for:
 - Entry Station gates of \$110,000
 - Park Enhancements of \$980,000
 - Pump Station Replacement/Improvements of \$120,000
 - Restroom Upgrades of \$402,256
 - Project Contingency of \$50,000



Transportation

- The Transportation Fund operating budget is recommended at \$75.6M and includes increases for:
 - Loop 101 Mobility Project Grant Match
- The Capital Improvement Project budget is recommended at \$123.9M
 - Five-Year Capital Plan totals \$531,778,593



Budget Office

- Operating budget reduction of -\$314K
 - Elimination of Temporary Staff
 - Reclassification of positions
 - Reduction of 1 regular FTE
 - Reduction of services expenditures
- One-time funding is recommended for:
 - Transition to new staffing model of \$149,152



County Manager's Office

- Reduction of -\$100K
 - Communications -\$32K
 - Government Relations -\$58K
 - Other -\$10K
- Transfer management of Justice System Translation/Interpretation Services of \$997K



Equipment Services

- The General Fund operating budget is recommended at \$4.6 million
- One-time funding is recommended for:
 - Vehicle Replacements of \$1,017,045
 - Replace Waste Resources Equipment for \$1,600,000
- The Detention Fund operating budget is recommended at \$1.1 million
- One-time funding is recommended for:
 - Replace Prisoner Transport Box Truck of \$170,000
 - Vehicle Replacements of \$347,250



Enterprise Technology

- The General Fund operating budget is recommended at \$30.8M and includes:
 - Adjustment to Personnel Savings of \$194K
 - Customer Service Management System Maintenance of \$189K
 - Information Security Maintenance of \$298K
 - Infrastructure Maintenance of \$77K
 - Content Management Maintenance of \$15K
 - Data Center Leases of \$153K
- One-time funding is recommended for:
 - Cyber Security of \$381,768
- The Detention Fund operating budget is recommended at \$1.0M



Integrated Criminal Justice Information System (ICJIS)

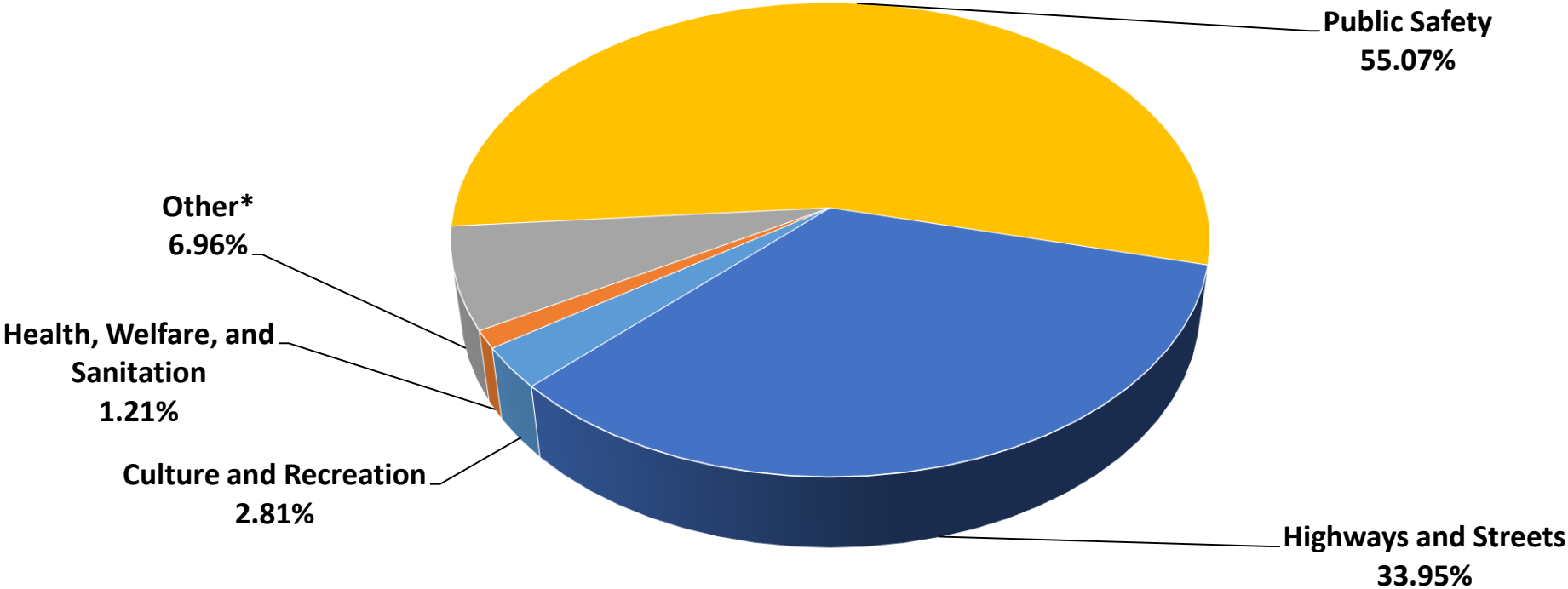
- The Detention Fund operating budget recommendation remains at \$1.7M
- One-time funding is recommended for:
 - Replacing Necessary Hardware at the End of its Life Cycle of \$1,157,000

MARICOPA COUNTY

BUDGET FY 2019



FY 2019 Use of Capital Funds \$364,892,935



**Other = Assessor (CAMA), Treasurer (TTSU), Budget/Finance/Procurement (ERPS), Equipment Services (ESFM, ESFS), and Enterprise Technology (TIR2).*



FY 2019 Capital Projects

<u>New</u>	<u>FY 2019</u>	<u>Total Project</u>
– Buckeye Hills Range Electric	\$1.3M	\$1.4M
– Superior Courts Grand Jury	\$3.4M	\$3.4M
– Equipment Services Fuel Station Durango	\$3.0M	\$4.5M
– Equipment Services Fuel Station Mesa	\$277K	\$277K
– Superior Court Central Building	\$1.5M	\$6.0M
– Southeast Regional Justice Center	\$3.1M	\$35.5M



New Park CIP Projects - \$4,729,468

- Maricopa Trail - Phase 1
- Lake Pleasant - 10 Lane Boat Ramp Upgrades
- Lake Pleasant - Campsite Repairs and Renovations Phase 1
- Lake Pleasant - Water Storage Tank Upgrades (3 Systems)
- Adobe Mountain - Compound Pump Station (Replacement)
- Cave Creek - Shaded Park Host Sites Phase 1 - 2 Sites
- Estrella - Parking Lot Repairs and Curbs Phase 2
- Estrella - Ramada Renovations Phase 2
- Estrella - Replace and Upgrade Electric System Phase 2
- Estrella - Shaded Host Sites 3 Sites
- Estrella - Water System Replacement Phase 2
- Hassayampa - Visitor Center Renovations
- Hassayampa - Site Improvements Phase 2
- McDowell - Shaded Host sites 3 Sites
- Usery - Electrical and Lighting Upgrades
- White Tank - Area 4 Renovations Phase 1
- Vulture - Construction Drawing Day Use and Campgrounds (Future Development)
- Automatic Entry Gates



FY 2019 Capital Projects

• <u>Continuing</u>	<u>FY 2019</u>	<u>Total Project</u>
– Intake-Transfer-Release Jail	\$101.2M	\$185.0M
– Madison Street Jail Adaptive Reuse	\$35.0M	\$116.0M
– Animal Care Expansion – Durango	\$4.4M	\$4.5M
– Adult Probation Black Canyon Facility	\$2.5M	\$3.4M
– Adult Probation Southport Facility	\$3.3M	\$3.5M
– East Court Improvements	\$1.5M	\$23.3M
– Various Parks Projects (12)	\$5.5M	\$14.1M



FY 2019 Technology Capital Projects

<u>New</u>	<u>FY 2019</u>	<u>Total Project</u>
– Remote Site Refresh	\$3.0M	\$70.0M
– Public Safety Radio Replacement	\$9.0M	\$9.0M
– Project Reserve	\$1.7M	\$1.7M
<u>Continuing</u>		
– Computer Aided Mass Appraisal	\$4.4M	\$24.9M
– Enterprise Resource Planning System	\$543K	\$29.7M
– Jail Management Information System	\$9.4M	\$25.1M
– Public Safety Radio System	\$28.1M	\$131.4M
– Remote Site Refresh	\$5.4M	\$70.0M
– Treasurer Technology System Upgrade	\$8.7M	\$35.6M



Over \$924 Million of Unfunded Projects

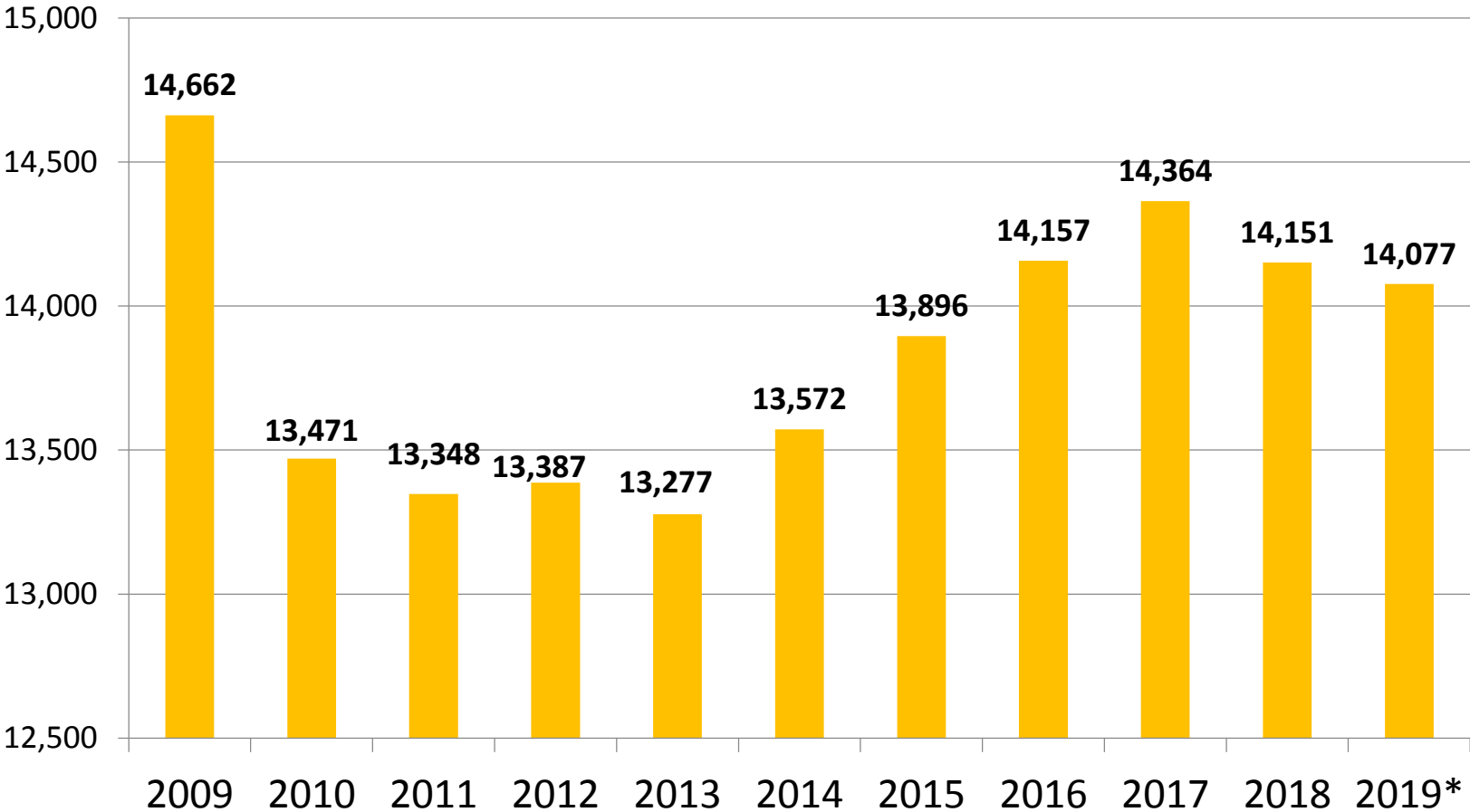
- SWAT K9 Kennels
- MCSO/Environmental Services/Equipment Services Substation and Vehicle Shop – Avondale
- MCSO – Security Hardening Projects
- MCSO Security Surveillance Projects
- Recorder – West Court Building Renovation
- MCSO Substation at Blue Point Renovation
- MCSO – SWAT/Major Crimes at Durango Renovation
- MCSO – Crime Lab at Durango Renovation
- OET 10-Yr Equipment Refresh
- Courts Master Plan
- Jails Master Plan
- Parks Master Plan

MARICOPA COUNTY

BUDGET FY 2019



Budgeted FTE's





Retirement Issues

- Public Safety related retirement rates increased
 - Retirement contributions from the General and Detention funds are increasing \$29M
 - Rates will likely continue to increase to address funded status and outcome of litigation

Plan	FY18 Employer Contribution	FY19 Employer Contribution	6/30/17 Unfunded Liability	6/30/17 Funded Ratio
PSPRS	52.79%	57.69%	315,430,753	42.7%
CORP	18.88%	26.59%	253,254,341	50.1%
PORP*	23.34%	32.98%	389,234,478	50.7%
EORP*/**	23.50%	23.50%	701,188,535	30.7%
* State-wide plan				
** Rate established in statute				



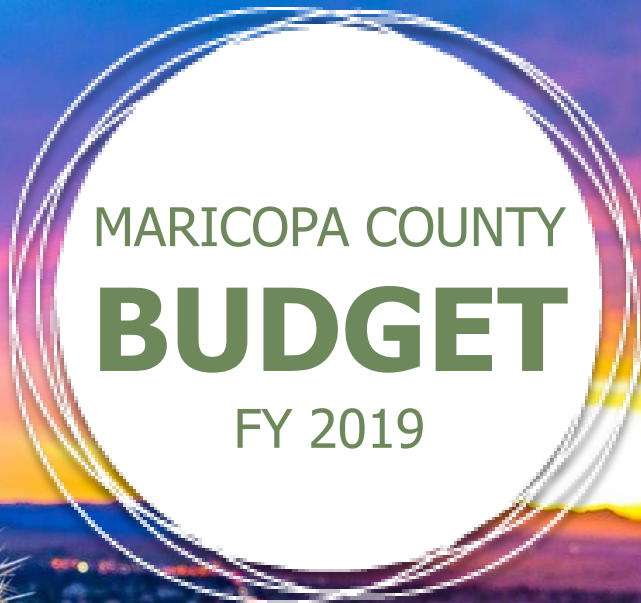
FY 2019 Highlights

- ✓ Maintains General Fund and Detention reserves at 2 months of operating expenses
- ✓ Provides additional funding for resources to achieve compliance with the Melendres order
- ✓ Provides necessary funding for criminal justice issues
- ✓ Funds retirement increases
- ✓ New Southeast Regional Justice Center
- ✓ IT Infrastructure
- ✓ Park Enhancements
- ✓ Funding set aside in the General and Detention funds for Pay-for-Performance and Market Adjustments
- ✓ Budgeting practices were shared with rating agencies which contributed to maintaining our AAA rating



Budget Calendar – Remaining Dates

May 21	Tentative Budget Adoption
June 25	Final Budget Adoption
August 20	Property Tax Levy Adoption



MARICOPA COUNTY

BUDGET

FY 2019





Flood Control District Highlights

- Overall expenditures of \$97,005,965
- A flat tax rate results in a levy of \$66,310,571
- FY 2019 CIP of \$63M
- Five-year CIP projected to be \$363M





Library District Highlights

- Overall Expenditures of \$30,105,188
- A flat tax rate results in a levy of \$22,475,317

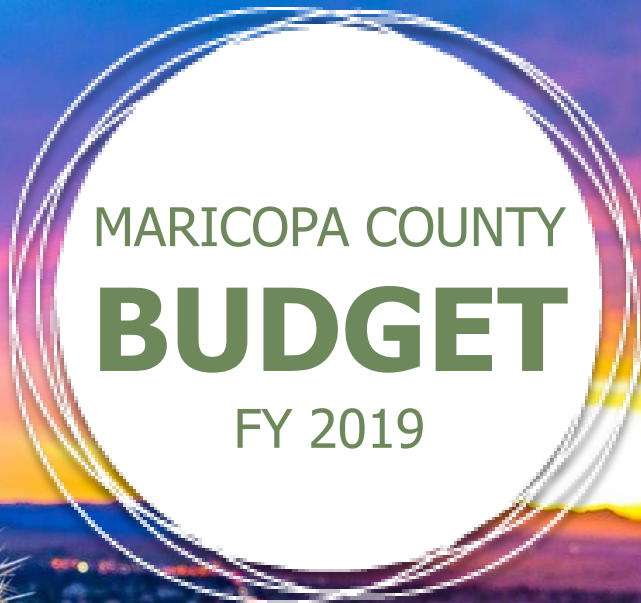




Stadium District Highlights

- Overall expenditures of \$7,565,033
- Revenue Refunding Bonds, Series 2012
 - Bond will be paid off June FY 2019





MARICOPA COUNTY

BUDGET

FY 2019

